



DAIRY ENTERPRISE INITIATIVE FOR KENYA

USAID Grant GDG-G-00-01-00023-00

FINAL REPORT

Kenya Mission SO 7.0 – “Increased Rural Household Incomes”

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November 2003

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Dates of project:	Sept. 30, 2001 – Sept. 29, 2003
Total Estimated Federal Funding:	\$1,173,985.00
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I. EXECUTIVE SUMMARY

Land O'Lakes, in partnership with TechnoServe and WorldWide Sires, is pleased to present the final report on the Dairy Enterprise Initiative for Kenya. This initiative was originally an 18-month effort to expand milk consumption, improve the affordability of finished products, and accelerate growth in quality raw milk production by Kenya's smallholder producers.

The main backdrop was the liberalized Kenya dairy market. It provided an excellent opportunity for the industry to invest in new capacities to procure and process quality milk and create marketing strategies to grow consumer market.

Land O'Lakes has led the initiative with a market-driven approach. It focused on promoting milk and dairy products, emphasizing the nutritional importance dairy plays in the Kenyan diet for those suffering with HIV/AIDS. The campaign educated the public on the benefits of milk compared to soft drinks and other less-wholesome beverages. The major emphasis was on nutritional education message, especially for expectant and nursing mothers, children two to six years old, and primary school children. Land O'Lakes also assisted dairy processors in assessing and developing safe and highly nutritious products to be introduced both regionally and domestically.

TechnoServe delivered critical business and financial training to dairy producer groups and SME processors committed to business viability and product affordability. Specifically, TechnoServe (TNS) assisted in the organization of dairy farmer groups and expanded its model collection centers and mini processing units to other dairy milk sheds. They also supported related small enterprises such as inputs, extension and veterinary services to better meet the needs of producer clients.

WorldWide Sires had the mandate of improving the breeding and herd management practices of small farmers. The theme was getting more with less - introduction of more productive dairy herds through the importation of U.S. semen and reducing the cost of production. Along with Land O'Lakes, WorldWide Sires directly involved the U.S. dairy industry through the involvement of U.S. volunteers, web-based training and the importation of U.S. dairy equipment.

Land O'Lakes and its partners' greater goal in Kenya was to increase consumption of dairy products and by so doing create a demand "pull effect" that benefits all the players along the value chain. By effectively communicating and promoting dairy products, business enterprise can become sustainable across the value chain.

TNS was widely involved in Nyala Dairy cooperative, where training for the new leaders of the cooperative was conducted. Other areas of key activity by TNS were in the Wakulima self-help group, where good results have been observed over the period of the project. Embu dairy has also implemented most of the cost-cutting advice given by TNS. Consequently, losses are down by over 20 percent. TNS has also organized promotional

workshops on cooling and processing packages in Nyeri as well as farmer information days.

The consortium received a six-month, no-cost extension for the program to make up for initial administrative delays that especially affected the marketing component. Land O'Lakes organized road shows, concerted advertising with the Kenya Dairy Processors Association and other milk sessions, e.g., the “big breakfast” through KISS FM, which greatly enlivened the dairy industry. The reach of the various marketing activity was national.

II. RESULTS DATA

Indicators under Dairy Enterprise Initiative in Kenya

Activity Description	Benchmark(s)	Update	Remarks
A. Industry-Led Dairy Campaign Outreach			
	At least 100 road shows conducted	111 road shows completed	Exceeded target
	At least 350,000 people reached	366,900 people reached	Exceeded target
	Establish dairy tent. Disseminate dairy information	Established dairy tent	Very little activity took place
	At least 10 trade audits conducted in each town to evaluate distribution of dairy products	Audits conducted	Met target
	At least 6 dairy days conducted	One dairy day held	Difficulty in getting agreement and commitment from various processors was experienced. Alternative marketing activity was selected and done to make up for the shortfall.
	350 in school promotions	385 schools visited	Exceeded target
	Reach at least 105,000 school children in standard 6-8	109,344 school children visited	Exceeded target
B. Affordable Dairy Product Development	Reduce consumer prices of processed milk by 30% at cooling facilities	Reduced at Jensam, Cool Pastures, Embu & Tosha Dairies to 28%.	Target met
	At least 2 pilot projects established at 2 mini processing plants for mobile dairy carts, other distribution	Established at Tosha, Embu and Cool Pastures Dairies	Target met Retail outlet operators to be trained on customer care

Activity Description	Benchmark(s)	Update	Remarks
	systems and other marketing channels.		
	Establish 2 medium-sized cooling and mini processing units with private investment in Central and Rift Valley provinces.	Established at Nyala and Cool Pastures Dairies	Target met
	Facilitate expansion of model to additional four (4) cooling and mini processing units.	Model expanded to 4 sites	Target met
	Reduce on farm spoilage by 5% in selected milk sheds.	90% achieved at Nyala & Wakulima. Activities in Embu showing above- target reduced spoilage	Target met
	At least 5 cooling stations create mutually beneficial contracting arrangements between processors with premium price for quality.	4 contracts created with Embu, the last of the 4 on track.	Cool Pastures started but ended up encountering financial difficulties.
C. Smallholder Productivity Development	Increase smallholder production by 33% in project target areas.	Random surveys indicates increase in milk uptake from producers to co-ops to the tune of 33%	A more detailed survey required ascertaining actual increase.
	Extension services to at least 3,000 farmers through self-help groups and cooperatives for improved dairy production, better hygiene and farm practices.	62,247 farmers received extension services	The numbers surpassed our target as we used more field days, seminars and GOK extension staff to have better outreach. This will continue, as it is very effective.
	At least 20,000 semen doses and 50 embryos from a quality U.S. genetics supplier sold to producers	14,936 semen straws distributed 67 embryos transferred and implanted locally	Ran out of low-cost semen midway. Many other providers also distributed semen in the project areas. Uptake of imported semen improved. The technology is

Activity Description	Benchmark(s)	Update	Remarks
			picking up locally.
	Production improvements of 5%-10% of target groups.	Random surveys showed improvement of between 10%-15% increase in milk production	Target achieved due to better management practices adopted in project farms.
	At least 60 AI technicians complete refresher courses	409 AI technicians completed refresher courses.	Exceeded target due to revamped training activities using other sector players.
	At least 3,000 farmers use AI services in eight project zones through ten field days.	5,000 farmers returned to using AI due to more extension services and increased providers of AI services	Exceeded target. The increased field days and shows had remarkable impact.

III. INNOVATIVE APPROACH TO ACTIVITIES

Promotion Innovation

The approach was mainly a consumer promotional-driven approach to increase consumption of dairy products for a pull effect by processors and producers through the value chain. Marketing is the key to profitability and sustainability in the dairy sector. Most Kenyans are aware that dairy products are good for their bodies, but it is not the first thing that comes to mind. The objective was to change the perception of consumers and make it part of the decision-making process when they purchase food.

Stimulating consumer demand, while at the same time reducing costs and inefficiencies along the value chain, was to make dairy products more available and affordable.

Affordable Product Innovation

Increased demand for this project was to help create the incentives for lower-cost technologies that TechnoServe has developed in small-scale processing in Kenya. The approach combined marketing capacity at Land O'Lakes with the emphasis on affordable technologies and farmer organizations skills of TechnoServe. Along with WorldWide Sires, the project was the model of U.S. private sector–PVO cooperation and synergies.

The initiative also dealt directly with the challenge of integrating small traders into the formal dairy sector through opening up new marketing channels for pasteurized milk products.

The initiative worked directly with existing and emerging dairy entrepreneurs to introduce cost-saving technology and management.

The Dairy Nutrition Education Campaign

This is from the backdrop that consumers are generally unaware that dairy foods provide nutritional and health benefits. The dairy sector competes with heavily advertised beverages such as soft drinks and snacks, and consumers tend to relate to these advertised products more readily than milk.

In order to address these, an industry-led campaign and an improved nutrition campaign were to be undertaken.

Assisting Producers and Small & Medium Enterprises (SMEs) In Kenya

The initiative was to promote:

- Cooling and bulk centers with effective collection systems to increase quantity and quality of milk for underutilized processing capacity.
- Alternative low-cost pasteurization and packaging technology to increase quality and reduce consumer prices.

IV. INTERMEDIATE RESULT AREAS

The results, including significant increases in per capita dairy consumption, improved affordability of finished dairy products, and profitable raw milk production, all directly support the Kenya Mission's strategic objective 7.0 – Increased Rural Household Incomes – and the following intermediate results:

Intermediate Result 7.1 – Increased productivity of targeted agricultural sub sectors;

Intermediate Result 7.2 – Increased agricultural trade;

Intermediate Result 7.3 – Increased access to business support services for micro and small enterprises;

Intermediate Result 7.4 – Increased effectiveness of small holder organizations to provide business services to members and represent their business interests.

V. GEOGRAPHIC ZONES OF THE PROJECT

Zone 1: Machakos district including Masaku AI group, Aima Ma Kilungu

Zone 2: Mt. Kenya East- the Embu Catholic Diocese, Meru Central, Uruku, Kirinyaga, Tharaka

Zone 3: Mt. Kenya West, including Runyenjes, Olechugu Farmers cooperative society, Nanyuki and Nyeri, Endarasha farmers cooperative society

Zone 4: Thika and Muranga

Zone 5: North Rift, Uasin Gishu, Nandi, Lower Trans Nzoia, including Ainabkoi, Lelgina, Bayete, Olessos, Kerita and Terige farmers cooperative societies

Zone 6: Central Rift- Nakuru, North Nyandarua, Kericho/Bomet, Naivasha, Kinangop including Ngorika, Bahati, Kagicha AI service groups and OlKalou self-help group, Dairyman Sacco, Delamere Estates and Manera farm

Zone 7: Kiambu, including Lari Dairy farmers cooperative society, Gatamaiywo farmers cooperative society, Limuru Dairy farmers cooperative society, Kiambaa Dairy farmers cooperative society, Kiriita Dairy farmer cooperative society, Kikuyu Dairy farmers cooperative society

Zone 8: Nairobi/Kajiado, including Karen farmers, Ngong farmers, Red Hill farmers, Brookside Dairy Milk processors, Lower Kabete farmers, Ridgeways farmers, Zero-Grazing Society

VI. AGRICULTURE AND SOCIAL ECONOMIC HIGHLIGHTS

- ◆ The Government of Kenya is making positive efforts to revive the livestock sector. This is evidenced by the reacquisition of KCC 2000 and the plans to revive the Kenya Meat Commission (KMC). This is expected to change the competitive environment for the dairy industry as well as industry dynamics along the value chain. KDE-supported dairies are likely to expand their customer base.
- ◆ The government has appointed a new board of directors to manage the Kenya Dairy Board (KDB), among them being the managing director of a leading private processor. The board is repositioning itself to serve the interest of the common rural producer.
- ◆ Kenya Farmers Association (KFA), in its heydays one of the largest farmer associations with multiple branches, has had its entire management disbanded by the government and an enquiry into its assets is currently in place. This is aimed at reviving the association. The mandate of this association was wide-ranging, from supplying feeds and farm machinery to wider extension and farmer education services.
- ◆ The former Ministry of Agriculture and Livestock Development has been split into two: Ministry of Agriculture and Ministry of Livestock.

VII. MARKETING

Better nutrition contributes to the attainment of two key development goals: growth in productivity and distribution of benefits among members of society. Milk and dairy products contain nearly a complete complement of essential elements in the human diet. Because of its uniquely abundant complement of these elements, milk is almost universally regarded as an important source of nutrition and growth supporting food in the human diet.

One of Land O'Lakes' goals in Kenya is to increase consumption of dairy products and, by so doing, create a demand "pull effect" that benefits all the players and recipients along the value chain. By effectively communicating the need for dairy products, business enterprise can become sustainable across the value-chain. This project intended to heighten the spontaneous awareness of the goodness of dairy products, but, more importantly, to do so in an exciting and modern way using experiential marketing. This approach places dairy products in the mind of the consumer and improves the incidences of purchase.

This approach allowed consumers to experience the message and actively understand it. It is an approach that placed dairy foods in the mind of the consumer and improved the incidences of purchase. A communication message advocated the greater consumption of dairy foods. Calcium, the most significant mineral in milk, is required for strong bones throughout life. In women, calcium is especially critical to prevent osteoporosis, a thinning of the bones. The entire message, therefore, was dedicated to educating Kenyans in small towns outside Nairobi about why calcium is so important. It also informed and educated them on milk being one of nature's richest sources of calcium. The message was disseminated using:

- Road shows – A road show is an interactive theatrical communication staged on a mobile home in 100 small towns outside Nairobi. A typical show is staged in a small town on a market day.
- Mini Dairy Days Carnival – This is a dedicated event for the dairy processing sector to sell, sample and promote their products.
- School Educational Program – A special educational program has been designed to reach 105,000 school children, consisting of a lecture and a project and covering topics such as the importance of eating and drinking more dairy products.

Road Shows

Exp.Momentum (formerly CCC), provided road show and school activity. Road shows are an interactive theatrical communication stage on a mobile home. A typical show is staged in a small town on a market day. Shows generally attract audiences of between 2,000 to 4,000 people.

The school educational program is a special event designed to reach 105,000 school children, consisting of a lecture and a project. Various topics are covered, e.g., the importance of eating and drinking more dairy products.

CHILDREN FROM BUSY BEE PRIMARY SCHOOL AND KAPTEMBWA PRIMARY ENJOY SOME ACTIVITIES IN THE CLASSROOM



THE LAND O'LAKES RIG ATTRACTS A HUGE CROWD AT MARKET CENTERS



Impact of Road Shows

Strategic Business Options, who monitored the road shows, indicate that, overall, the shows had the following achievements:

- An average of 700+ people attended each show through the six months of this program.
- The milk message was communicated in a manner felt to be humorous, interactive and interesting. The Kenya Dairy slot had the highest retention rate among all the slots in the same rig of shows, with a first mention recall of 29 percent and the next highest recall being 19 percent for Simba Mabati (iron roofing sheets).
- The communication team stayed focused to the message.
- The main message takeout was that milk contains calcium.
- After watching the show, 29 percent of the respondents said they would take more dairy products, with 26 percent saying they would take milk 3 times a day.
- Of all types of milk, unprocessed milk had the highest awareness.
- An overwhelming majority of road show participants – 57 percent – remembered a milk message, as follows:
 - Milk 16%
 - The importance of milk 12%
 - Milk should be drunk 3 times a day 12%
 - Milk has calcium 11%
 - Galsheet (iron roofing sheets) has 12 colors/It stays longer 11%
 - Kiwi (shoe polish) is a good polish 10%
 - Importance of Supanet (mosquito repellent) for mosquitoes 9%
 - Simba Mabati / It's different from the rest 7%
 - Milk helps bones to be strong 6%
 - A very small portion of the respondents expressed doubts about the truthfulness of the milk nutritional benefits message 11%

Eighty percent (80 percent) of the respondents felt the milk component of the road show was very good, and 18 percent felt it was good.

Most respondents said that mainly children drank milk, as it was good for their health and growth and is like a food. Where it is affordable, everyone uses milk as an additive to their tea or as an accompaniment to other items like *ugali* (a corn-based staple in the diet).

Other observations included:

- Mothers are seen as the key decision-makers in milk purchase.
- Milk is bought mainly from shops and vendors.
- The reason why most people claim to consume less milk is that it is expensive.
- Among beverages, soda has the highest awareness. However, as a result of exposure to the road show, awareness of milk rose from 68 percent to 78 percent in target areas.
- Among the types of milk, unprocessed milk has the highest awareness in the target areas at 36 percent, up from 31 percent prior to the road shows.
- More respondents claim to take unprocessed milk. More people take milk in tea than on its own.
- Most respondents claim to use milk because it is nutritious.
- Dislikes of milk were that it goes bad quickly and that the vendors do not handle it hygienically.
- There was a slight shift from general attitudes to milk, with more respondents agreeing with positive statements about milk after the showing.

After watching the road shows fewer respondents thought milk doesn't fit today's lifestyle. More respondents thought that:

- Milk has a lot of calcium.
- Drinking milk is fun.
- Milk makes your bones strong.
- Milk makes your teeth healthy.
- Milk was a drink for people like them.
- Milk gives one protection from diseases.

The communication achieved its overall communication objectives, as can be seen from overall takeout.

Note: These findings hold true for C2, D (lower-middle and lower income group) target consumers, in the target areas that formed the bulk of road show participants.

Building Partnerships with Stakeholders

Land O'Lakes continued to work with various stakeholders notably the Kenya Dairy Processors Association (KDPA). Having taken the KDPA through an overview of the Land O'Lakes program and highlighting areas where the KDPA could benefit, the KDPA shared with Land O'Lakes some of their plans.

From Land O'Lakes' perspective, areas of collaboration were indicated as:

- Research and other consumer-related activities
- Training to strengthen the KDPA and assist recruitment of processors to join the association.
- The KDPA shared a generic safe-drinking milk campaign (showing hazards of drinking non-processed/pasteurized milk), which was felt to fit in with some of the objectives of the KDE program vis-à-vis consumer knowledge of consumption of safe milk. The KDPA also expressed interest in joining the research project Land O'Lakes was undertaking (see below).

Land O'Lakes agreed to support the safe consumption of milk campaign by making a contribution to the media flighting of the TV documentary and commercials.

The KDPA expressed a commitment to working together with Land O'Lakes in the future.

Research

Usage and Attitudes Study

The Usage and Attitudes research seeks to identify current consumers' habits, attitudes and perceptions to milk and dairy products, whilst the Brand Tracker will measure these changes and trends on an ongoing basis.

Research International was selected to undertake this project.

Members of the KDPA, in this case Tetrapak, are sharing in the research cost.

Other Consumer Activation

Three key consumer activities were undertaken on the project.

- 1. The first event was an invitation to a Big Breakfast with KISS FM – the leading radio station.**

“Milk Tastes Good with KISS 100 and Land O’Lakes”

The objective was to tie milk into one of the key meals for consumers.

Basic Mechanics

Over a one-week period, KISS 100 asked listeners to tune in for a cue to call – “Mooo” (a cow mooing)!

The first caller to contact KISS 100 after having heard the “Mooo” on air brought a friend along to “The Big Breakfast with Milk!” Breakfast guests enjoyed breakfast with the KISS 100 Big Breakfast crew. They were also able to play all their favorite Big Breakfast gaming elements - Truth or Lie, Triple Trivia, etc. Lastly, breakfast guests enjoyed an unforgettable feast of all their favorite breakfast foods – toast with butter, omelets with cheese, yogurt, milk and milk with tea or coffee, etc.

Great Moments

Great top-of-mind awareness! The breakfast was talked about in various venues – including bars. The Land O’Lakes Marketing Specialist had traveled and, on arrival at the airport, a taxi driver told her about the upcoming Big Breakfast with Land O’Lakes. Great on-air excitement! All week, listeners called members of staff at KISS 100 begging for tickets to The Big Breakfast with Milk!

From Monday afternoon, branding on feature was very strong.

Great turnout! This is the largest Big Breakfast campaign to date, with exactly 100 listeners and 22 other guests and staff in attendance.

Lessons Learned

There was insufficient branding, and in the future additional opportunities for branding (e.g., banners, t-shirts, carry bags, etc.) should be found.

While there were lots of games to be played, none was directly linked to milk. This should be addressed in all future activities. (e.g., eating, drinking contests and other fun games).

Following the success of The Big Breakfast, additional consumer activation was undertaken in a second, much broader campaign.

2. Win Fundi Frank Gear by knowing your milk.

The objective of the campaign was to “increase awareness of the nutritional benefits of milk and dairy products and portray milk as a trendy and modern drink. “

The campaign sought to generate buzz and excitement around the campaign by creating a connection to moments that are in sync with current dairy consumption patterns. This was achieved through using high-reach time segments to deliver messaging and interactivity with the target audience. Additionally, innovative delivery of the message for novelty and impact.

Target Audience: ages 13 – 24.

Timing: end August - September 2003 – 5 weeks.

Geographic Scope: national urban

Creative Considerations: unconventional, interactive, in sync with the target audience’s aspirations

Creative Solution:

- Utilize the hottest music label (Ogopa DJ’s) in Kenya to produce a commercial jingle featuring two of Kenya’s highest-selling artists – Nameless (who appeals to the older teen and young adult) and Habib (who appeals to teens).
- The idea was an in-studio interplay between the rappers (known as free-styling) prior to a recording, in which they profess to drink milk and they then flow into a jingle.
- Use the stations to distribute clothing gear designed by local designer Fundi Frank. In consumer research, Fundi Frank is the only local fashion label/name recognized. (Holla 2003, Youth Research Study from Consumer Insight)

Key media channels were selected on which the milk song was run:

KISS 100:

Highest national urban reach.
Nairobi reach 74%,
National reach 65%.
KISS has a trendy and modern image.

Capital FM:

Nairobi Reach 42%.
More up-market trendy image.
Activation excellence

Citizen Radio:

46% national reach,
55% Rift Valley reach,
40% reach Nairobi.
Lower CPT (cost per thousand people reached) than the Swahili service in the same markets. Highest-rated presenter nationally available for interactive sessions..

Additional media channel:

Nation FM:

39% national reach,
42% central reach,
65% reach Nairobi.
Highly innovative presenters, perceived as the voice of the young.

Media Tactics

The tactics used in executing the campaign linked back to the strategic objectives. These were presenter endorsement; credibility and interactivity; celebrity endorsement in the creative (the milk jingle); and accentuation of modern, trendy image.

On all stations, a Q&A platform was used to disseminate knowledge on the nutritional benefits of milk and dairy products.

Individual Station Executions

The milk song was run on all stations.

a) Capital FM

Interactive sessions in the morning drive show and the evening “Hits” show. Both shows have the highest ratings on capital FM. Morning interactive session was run by Fareed Khimani and focused on the Q&A for nutritional benefits.

Callers with the correct answers would win milk-branded designer gear from Fundi Frank and also gave a recipe for a milk cocktail. Evening interactive session focused on the versatility of milk and dairy products.

Callers would first be asked to rap three key benefits of milk. Callers with the most imaginative use for milk would win Fundi Frank Gear.

b) Citizen FM

Interactive sessions in the morning drive show and the evening drive show. On Citizen, the key thrust was nutritional benefits. Both morning interactive sessions were run by Granton Samboja, the most popular presenter in Kenya and highlighted the nutritional benefits of milk.

Granton would slow down a song and ask the audience to call in and add health to the song through naming one benefit of milk. The first caller would win Fundi Frank Gear.

c) Nation FM

The Interactive session was only in the morning and was run by the three morning show presenters. The presenters would name a nutrient in milk or ask callers to name a nutrient and state the importance of that nutrient to consumer health. Thereafter, the callers were asked to moo to their favorite song, and, after three people moo’ed, they would choose a winner. An additional execution was to have callers moo as if sad, happy, angry, scared, content, excited and so on.

d) KISS FM

For this station, KDE marketing utilized only spot buys because of cluttered presenter endorsements, leading to a lack of credibility, and extremely high cost for the interactive sessions that was not justified by the cost per reach point vis-à-vis the other stations utilized in the campaign.

Lessons Learned

- There is station disparity in providing added value to the campaign. In future, consider the stations that provide higher added value to maximize budgets. (Kiss FM had the highest budget allocation but the lowest value added.)

- Unconventional creative options delivered stand out.
- Continue using youth role models as spokespersons for milk.
- Building on the foundation of this campaign would solidify the modern and trendy image of milk.

To end the promotion, a special event was held. The objectives of this end-of-promotion event were:

- Demonstrate experientially the nutritional benefits and modern image of milk as a complement and finale to the on-air campaign.
- Obtain endorsement for milk from teen role models in music.
- Gather qualitative information about milk consumption. This was via a roving camera for interviews, and pamphlet questionnaires. Filling in the latter allowed entry into a draw where the winners won Fundi Frank designer gear.
- Double the reward to the winners of the interactive sessions on national radio and increase their affinity to milk.
- Celebrate milk and encourage immediate consumption.
- Provide a platform for milk processors to sample milk and other dairy products.

Maziwa na Flow *

* *Maziwa is Swahili for milk. Flowing is an un-rehearsed style of rapping.*

The event was held at the Carnivore grounds, and gates opened at 11:00 a.m., as children's activities commenced. This included face painting, bouncing castles, skipping, soccer, hoops, tug of war, and cricket.

Stage Acts commenced 2:30 p.m., with the MC for the event being Fundi Frank, who wore the milk gear he designed and gave out gear throughout the show.

Munene Nyaga, Nation FM breakfast show host: Animated the audience and the children into mooing and giving opinions on the nutritional benefits of milk and their consumption.

First act on stage – Nameless (currently number two on Kenyan charts): Performed five songs, with a glass of milk in hand upon entry, and drank the milk on stage

Second musicians on stage – Buccaneers (featuring Habib): Performed the milk song, collaborating with Nameless, and then performed two additional songs.

Third act on stage – Tattuu: Performed one song, exhorted all to drink milk, and drank milk on stage. This is a new group who has a song in the charts. This is the first time they had appeared anywhere.

Fourth act on stage – Nonini (currently number one on Kenyan charts): Performed four songs, gave away milk-branded Fundi Frank designer clothing. Drank milk on stage.

Interlude: Children were asked on stage to pair up and dance together holding up a packet of milk between them, using their foreheads.

Fifth act on stage – Wahu: Performed one song

Sixth act on stage – Longombas: Performed two songs, gave away milk-branded merchandise, and drank milk on stage.

Seventh act on stage – Big Pin: Performed one song

Eighth act on stage – Fundi Frank: Performed his new song, which had never been performed before. Gave away his milk-branded designer merchandise.

Draw: Winners were drawn from the filled-out questionnaires. Presentation was made by the processors present at the event.

Finale: Each child present who had not received milk-branded merchandise went up on stage and was presented with either a T-shirt, or bandana.

Participating Processors: Key processors paid to participate in the event. Brookside Milk Ltd., Limuru Fresh Milk Ltd., Spin Knit Dairies Ltd., KCC Ltd., Tetra Pak Ltd. All the processors were kind enough to give free samples of milk to the event managers for use during the competitions conducted on stage and for the artists.

Achievements of the event:

- Celebrity endorsement of milk as a cool and hip drink.
- Designer gear given out will act as mobile long-term advertising for milk.
- Feedback on attitudes towards milk and consumption patterns captured on video.

Key Lessons Learned

- Daytime concerts do not attract older teens, as they deem themselves too mature to mingle with the younger teens. Therefore, the event had a preponderance of 5- to 13-year-olds.
- A separate media campaign needs to be constructed for the event to build up attendance numbers.
- The full dress rehearsal on Saturday was critical to ensuring that the main show ran smoothly.

3. The Third Piece of Consumer Communication.

The Kenya Dairy Processors Association (KDPA), together with the Kenya Dairy Board (KDB), were keen to run a campaign highlighting the dangers of drinking unhygienic milk. They shared the basic concept with us, and it was felt the funds they were putting behind the project were insufficient.

Safe Consumption of Milk Campaign

The Land O'Lakes Marketing Specialist spent time with both organizations assisting in ensuring that the final communication was truthful and relevant. Additionally, Land O'Lakes gave advice on how to maximize the budget (editing of TV and radio spots) and importance of key media. Land O'Lakes provided support in the area of selecting a capable media-buying agency.

Land O'Lakes also made a contribution direct to media houses to support the campaign.

The Marketing Specialist provided support and guidance around launching the campaign, ensuring that media and all stakeholders were well briefed in the aims of the campaign. This was to ensure that there was no backlash from consumers or the public. (Approximately 30 percent of all milk marketed in Kenya is hawked, while over 40 percent is sold directly by a farmer.)

Land O'Lakes provided support around arranging the launch function. Most of the stakeholders in the dairy industry attended the function. Critical was ensuring the presence of milk and dairy products at the function. In a rare display, all invited guests received a milk-based cocktail on arrival. Close to 40 percent of the menu featured dairy-based food items. So successful was this that the idea of dairy-based cocktails being served has been picked up by the market and is spreading. (Milk and dairy cocktails were served at the 4 Winds Jazz Club at the Grand Regency and a function targeting the youth in a popular club – Bottoms Up).

Some of the action at Carnivore in Nairobi



Summary and Expected Impacts of the Safe Milk Campaign

The various activities undertaken show that the market is ready and receptive to consumer activities that ties into the youth culture. The critical learning is to be different so that whatever activity is undertaken stands out from the clutter of all other consumer-related activities.

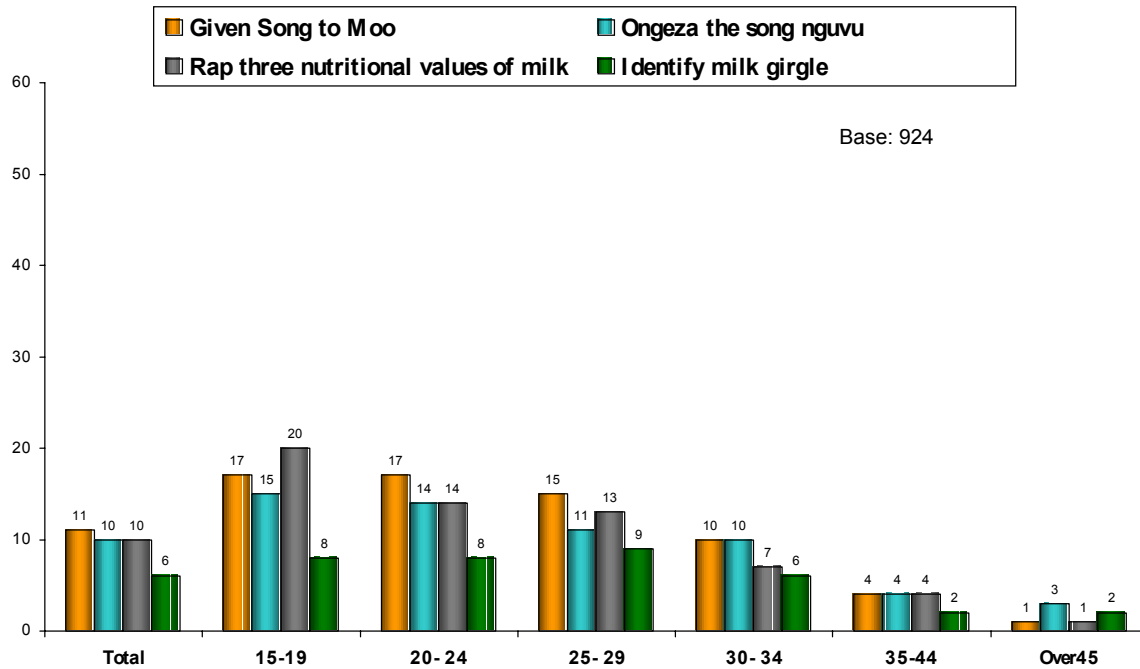
The safe milk campaign is to sensitize consumers to the hazards of taking unhygienic milk, which could cause serious public health concerns such as the spread of tuberculosis, brucellosis, typhoid and diarrhea.

Impact of Marketing Activity

In order to establish the impacts of its marketing activity, KDE commissioned a research by a market research firm – Consumer Insights. Initial top line information indicates that the marketing activity was very successful, and this needs to be sustained through the other USAID-funded project, KDDP.

The main objectives of the study were to:

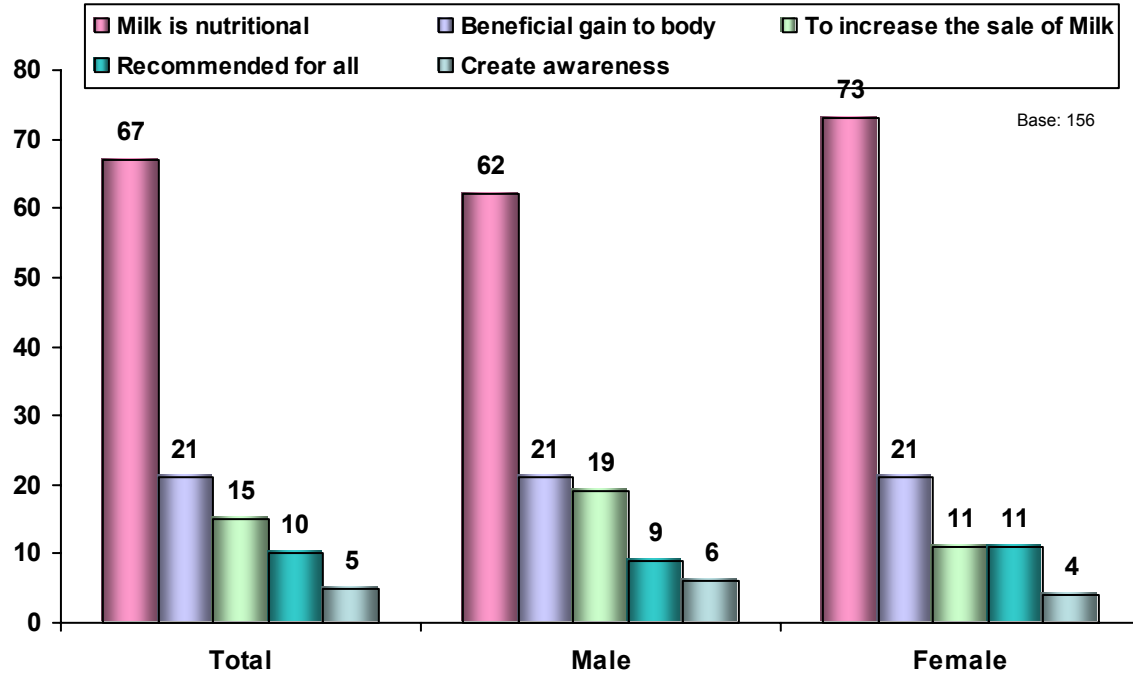
1. Establish awareness levels of the milk promotions in general and Land O'Lakes in particular.
2. Discover contribution of each of the four promotions to the campaign as a whole.
3. Uncover effectiveness of the radio stations used in the campaign.
4. Find out consumer main message takeout.



Some of the findings: Awareness

As can be seen from the table above, the young market targeted by the marketing activities responded very well, and awareness of the various promotions is very high. This indicates focused marketing.

The message takeout was also very clear:



Spontaneously, awareness of milk promotions is low, perhaps because this category is not very active in running promotions. There is an opportunity to own this category in terms of promotions.

VIII. PROCESSING

TechnoServe's key role in the Dairy Enterprise Initiative (KDE) was to facilitate replication of dairy cooling plant and mini-processing dairy plant models with further refinements, lower production costs, lower overall losses and higher efficiencies.

The activities for the period included:

1. Promotion of Cooling and Processing Models

A dairy workshop was organized by TNS in collaboration with various stakeholders in Nakuru Town in Rift Valley province. The workshop targeted various investors, farmer groups and cooperatives that are interested in value adding in milk.

The main objective was to promote and disseminate information on low-cost pasteurizing and cooling systems.

Facilitators included:

- SITE - makers of “milk master” low pasteurizing and packaging technology
- Kenya Dairy board – regulators of the dairy industry
- Farming Systems Kenya – NGO involved in training farmers, provision of quality breeds, group formation and group dynamics
- KARI - researchers in agriculture and information dissemination
- Promaco - dairy technology and artificial culture providers
- Egerton University



Some immediate impacts

- The workshop was highly successful, attracting 120 participants.
- Sale of cooling and processing business packages-78 booklets sold at Ksh 300 each.
- Enquiries for clarification continue.
- Demand for workshops was triggered in Nyeri, Nairobi, Thika and Kericho.

Jensam

Jensam is a private dairy situated at Nyahururu town in central Kenya. Currently Jensam purchases 10,000 kg of milk per day from 4,000 smallholder dairy producers. The business has a turnover of about \$60,000 p.a. and pays out an estimated \$45,000 p.a. to smallholder dairy producers. In order to enhance milk supplies and win farmer loyalty in the face of increasing competition, Jensam Dairy offers imbedded value-added services. With such a busy enterprise, the owner-manager was in need of an accounting information system to assist him make timely and relevant decisions. As one of the supported businesses, TNS evaluated Jensam Dairy accounting systems during the quarter. TNS found out that haphazard record keeping existed, meaning that the owner manger was not in full control of information.

TNS has assisted in recruitment of a competent accountant for Jensam Dairies. The accounting and information systems consultant provided hands-on accounting training for the newly recruited accountant.

Nyala

Nyala is the biggest co-operative in terms of plant capacity that TNS is currently supporting in central Kenya. With 3,700 direct beneficiaries, the plant had a turnover of \$530,000 by the end of 2002. The plant paid out in excess of \$500,000 to rural producers and has been doing an average of 13,000 kg of milk per day.

TNS has facilitated the expansion of the dairy to provide agro-vet services to its members. Owing to its growth, Nyala Dairy was in need of a harmonized accounting system to link the dairy to the agro-vet shop. TNS has interfaced the accounting systems for Nyala linking the dairy to the agro-vet. This is expected to make the flow of information easy and coordinated.

Embu Dairies

Embu Dairies has been struggling with the burden of too many milk bars in the wrong locations. TNS advised the dairy to close milk bars that were not making attractive returns and enter the Mwea market, which is a milk-deficit area. After a rapid survey of Mwea town by the Embu Dairies manager, management decided to enter the Mwea market.

A launch for Embu Dairies products (*lala*, yogurt and liquid milk packed in low-cost packets) at Mwea market took place with much fanfare on March 4. TNS participated in the launch together with the KDB official from that area, Ministry of Agriculture and Livestock officer.

The KDB official reiterated the importance of consuming processed milk and the dangers of consuming unprocessed milk. He appealed to the residents to be wary of cheap milk because it ends up being costly to their health.

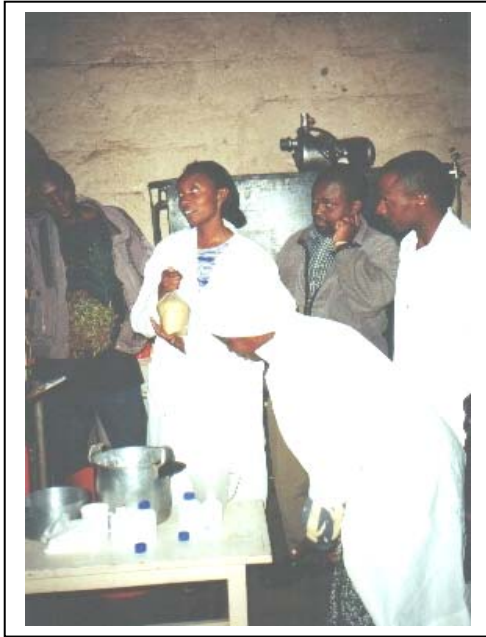
Embu Dairies took the opportunity to sell their products at reduced prices with a raffle as an inducement. The dairy is currently moving 33,600 liters of milk per month at the Mwea market.

Below: A worker at Embu Dairies sealing milk in plastic sachets



Cool Pastures

Located in Ndundori area of Nakuru District, Cool Pastures is an entrepreneur-owned micro-dairy that processes milk for sale in the lucrative lower-middle class markets of Nairobi. The business operations also involve cooling and transportation of bulk-chilled milk to big processors like Brookside Dairy.



Left: Cool Pastures Training

Promaco staff explains a point during training of Cool Pastures staff on quality control and cultured milk processing.

The enterprise, which handles approximately 3,000 kg of milk per day and provides a reliable market for more than 300 smallholder rural producers, has the desire to grow into a medium-sized enterprise.

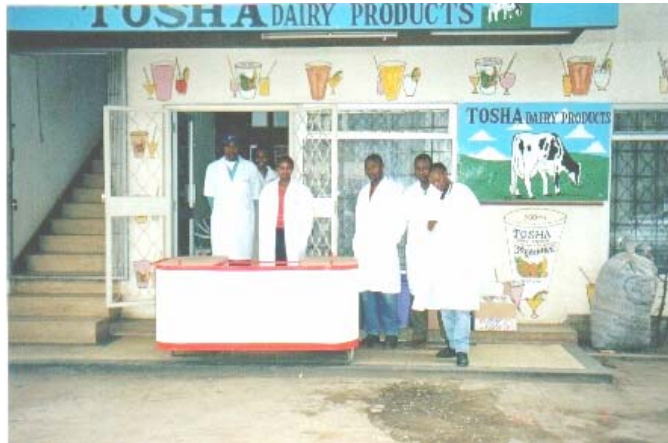
The firm was faced with the challenge of managing growth in the face of competition. TNS has facilitated an assessment of accounting information needs and has facilitated the acquisition and opening of basic books of accounts for the dairy.

Tosha Dairies

The dairy has recently purchased a second mobile cart for distribution in Nairobi's most populated locations.

TNS is encouraged the dairies to make use of mobile carts in their distribution.

Below: Tosha Dairy outlet in Nairobi.



2. Training

Business training is an important component of the KDE initiative as a means of imparting modern business knowledge, techniques and approaches to entrepreneurs. During the period, training was conducted in the following sites:

After a needs assessment at most KDE sites, TNS learned that scanty accounting information exists for owner managers and that the AIS that do not exist are not efficient enough to facilitate business decision making.

TNS subcontracted an accounting and systems consultant with the following terms of reference, among others:

1. Assess and evaluate any existing information system in each plant.
2. Improve on existing systems.
3. Develop and install systems where none existed.
4. Testing the systems.
5. Assist in the recruitment and training of key component staff.

Wakulima Dairy

Wakulima Dairy was registered as a self-help group, owing to the negative attitude that co-operators developed after liberalization of the dairy industry in Kenya and the consequent collapse of co-operatives. This was done under the erstwhile Ministry of Culture and Social Services (MoCSS). However, Wakulima Dairy has grown too large, from 32 members after inception to 6,500 members today.

In Kenya, MoCSS has a limit of 250 members for self-help groups. The dairy cannot therefore be considered as a self-help group under the ministry. The management reckons that the second-best option is to register the dairy as a co-operative. The management is aware of the pitfalls of co-operatives but insists that the name co-operative was not the issue but the individuals entrusted with the management of the co-operators' resources.

Wakulima Dairy management requested the KDE team to conduct business training for Wakulima Dairy management committee and senior staff, and this took place on March 20. The objective of the training was to expose participants to managerial and leadership skills, and appreciate the managerial process and the role of financial statements in the management of an enterprise. This was a full-day participatory training, and the following topics were presented and discussed with the participants: Principles of Management, Leadership Skills and Financing of Enterprises. It was agreed that Wakulima Dairy would be registered as a co-operative and strive to be the "best managed co-operative in Africa."

Wakulima dairy realizes an annual income of \$40,000 p.a., with direct participation of 6,000 smallholder producers, and it is the second largest dairy that TNS is supporting. The dairy provides imbedded services like A.I., feeds, animal drugs and information-sharing to farmers.



Left: The front of Wakulima Self-Help Group Dairy

The building houses a 10,000-l/day modern cooling plant, a store and staff offices.

With the recent expansion of the dairy and increase in membership, the dairy has been experiencing problems with its payroll system. TNS is assisting with the assessment of the dairy's information system so that the problematic areas can be ascertained and addressed.



Left: Milk delivery time at Wakulima

School children wait for their parents to deliver milk after they are picked up from school.

Nyala and Wakulima Executive Management Committee Training (Feb 2003)

TNS has been providing linkages for supported dairies. During the quarter, Nyala and Wakulima Dairy executive management committees were linked to Land O'Lakes smallholder organizations training (SHO) for one week under the USAID-funded Kenya Dairy Program. The participants were taken through various aspects of financial and business management training with the objective of effectively managing their smallholder organizations.

Business training is an important component of the KDE initiative as a means of imparting modern business knowledge to entrepreneurs. During the quarter, training was conducted in the following sites:

Embu Dairies

During the project, TNS signed a Memorandum of Understanding with the Embu Dairy to provide business advisory assistance to the dairy. A SWOT (Strength, Weakness, Opportunity and Threats) analysis done for the dairy identified business training as a priority for the management committee.

As a result, TNS facilitated training of the management committee on business management, strategic planning and customer care in collaboration with the Ministry of Cooperatives. Eight members of the management committee were trained.

3. Farmer Information Days

Wakulima Dairy Field Day

Milk is a whole food and therefore attracts all manner of microorganisms. Testing milk at critical control points is a viable strategy to ensure only good-quality milk is chilled and marketed.

TNS organized a farmer information day for Wakulima Dairy on March 14. The objective was to train farmers on better animal husbandry and hygienic handling of milk to achieve reduction of milk spoilage at the farm level. Strategic collaborators for farmer information days include Coopers Kenya, Ultravets, and Trust Feeds and TNS partner WWS.

TNS organized a farmer information day for Wakulima dairy on October 18. The objective was to train farmers on better animal husbandry and farming as a business. Strategic collaborators for farmer information days include Coopers Kenya, Trust Feeds and TNS partner, WWS.



Left: Wakulima field day

TNS Business Advisor thanking farmers and collaborators after a successful field day

Embu Dairy Field Visit

TNS facilitated a field visit of Embu Dairy farmers to the Central Artificial Insemination Center. The farmers learned about better animal husbandry, the importance of AI and got contacts of various feed suppliers. Thirty-four (34) farmers visited the center.

Nyala Field Days

Training is as important to farmers as it is for staff and management committee. Informed participants in the milk value chain are well placed to make quality, production and market decisions. TNS has therefore been encouraging dairies to coordinate field days for the rural producers for increased empowerment. Nyala Dairy covers two districts, Laikipia and Nyandarua. TNS facilitated field days for Nyala Dairies for all the milk collection points. This was done in collaboration with feeds, drug companies as well as the KDB and WWS.

4. Business Planning Workshop and Follow-Up

TNS facilitated a business planning workshop for all KDE-supported dairies on January 10, 2003, in a Nairobi Hotel.

Objectives of the workshop were to assist the participants:

- Understand the fast-changing business environment.
- Understand the need to plan the business for better performance.
- Learn the key steps in preparation of an annual business plan.
- Explore opportunities and threats emanating from the external environment.
- Core competence-building for increased competitiveness.
- TNS desires to have the managers of respective dairies owning the business planning process for ease of implementation.

Target participants: Participants of the workshop were managers of KDE-supported, entrepreneur-owned, and community-owned cooling and mini-processing plants. Five out of seven KDE-supported operational businesses were represented (70%+ attendance).

Major thrust of the workshop:

- Review of past performance and reasons for divergences for the enterprises
- The need for strategic planning for all types and sizes of businesses
- Business planning process

After the business plan training, it was important for TNS to continue offering support to the dairies in business plan development. TNS has assisted the management of the dairies in setting up systems for capturing information required for the business plan. Two business plans have currently been completed for Cool Pastures Dairy and Nyala Dairies. The rest are in the process of development.

IX. PRODUCTIVITY

1. Farmers Training

During the reporting period, WorldWide Sires, in conjunction with other dairy industry stakeholders, held Field Days in different regions, which included Nyeri, Kiambu, Nakuru, Nairobi and Kisii. Central Artificial Insemination Annual Field Day had the majority of the participants, having gathered 7,000 farmers.

The main way of reaching the farmers was also through special seminars.

The topics covered by the WorldWide Sires staff included and was not restricted to the following:

- ❖ The importance of A.I. versus natural service.
- ❖ Heat detection as a key factor in cow fertility.
- ❖ Understanding pedigrees and bull selection.
- ❖ Linear traits profile.
- ❖ Record keeping as a key management tool.
- ❖ Disease control and herd health.
- ❖ Clean milk production touching on mastitis.
- ❖ Fodder management and establishment.
- ❖ Calf and heifer-raising procedures.

Relevant professionals tackled questions from the floor.

2. Daughters Tours

Farmers and teachers from various areas, e.g., Nyambogich in Nyandarua District, toured different farmers in other districts.

WorldWide Sires, together with Land O'Lakes, took the lead in organizing the events. They toured four farms -- Mr. Kamere in Bahati, Mr. Gitahi in Wanyororo, Mr. Ndirangu and Mr. Njuguna -- all of Nakuru District. They are milking WorldWide Sires progenies with a record of above 30 kg daily production per cow. Daughters being milked include Mandingo, Duster, Choice and Slocum. Choice daughter produced 47 liters of milk/day at her peak. The farmers were taught how to select bulls based on TPI, PTAM and linear traits profile.

Other daughter tours were carried out, which involved 80 local farmers and 16 international guests, including Mr. Dean Franciskovich from WorldWide Sires/U.S.,

Malawi and Uganda WorldWide Sires teams. Areas visited included Central, Rift Valley and Eastern Regions. The farms visited included that of Mr. Mwangi in Kikuyu Division, where a Mandingo daughter was in production. The team also visited Chemusian farm, a large-scale farm using modern technology that normally purchases large amounts of WorldWide Sires bull semen.

In the Rift Valley region, farmers from Wiyumiririe joined Mr. Franciskovich's group and visited Mr. Njuguna's farm in Nakuru. He milks WorldWide Sires daughters of Bingo, Emory and Jackson. They have continued to outshine other cows in production, having a record of 30 kg avg/day. The daughters' tours have been effective in the sale of semen. Farmers believe what they see and hear from their fellow farmers. An increase in production by WorldWide Sires daughters is noted by producers elsewhere as they enter production.

Another group of farmers from Kianjokoma in Eastern Province toured Kiambu/Nairobi Districts and visited one small-scale farmer, Mr. Thara, who is milking Mandingo, and Mr. Mbutura's farm, who has Second Look Jolt –ET heifers. Mandingo is a 4th-calver and at her peak she produced 48 liters of milk per day and dried off at 27 liters per day. This particular farmer has taken an initiative to tirelessly market high-quality cattle genetics. In fact, due to the fame of this farm, Mr. Thara sells two-week-old calves at 20,000 Ksh. His farm has become a demonstration farm in the area emphasizing good feeding practices and quality genetics for maximum production and for replacement stock.

A team from Malawi and Uganda, led by WorldWide Sires staff in these areas, toured Mr. Wilson Kyalo's farm in the Eastern region. Mr. Kyalo is one of the leading breeders in the country, and the lactation yield per cow is currently 12,000 kg of milk.

Mr. Kyalo has built a hall where he explains his farm activities and breeding programs to visiting dairy producers before taking them around the farm. This is a very commendable move and contributes to match. He also charges Ksh. 200 per visitor to recover his cost of this facility and his time.

3. Agricultural Show of Kenya International Trade Fair

This event brought together people from all walks of life. Nevertheless, livestock farmers and agricultural commercial farmers were the key participants as they learn of new technologies in the ministries and private commercial stands. WorldWide Sires E.A. Ltd. had its stand in the Nairobi International trade fair, a strategic position where few people would miss it. In it, training materials and two WorldWide Sires staff, Mr. Jackson Muturi and Samuel Kamau, manned the stand all through the show, to a total of 1,100 visitors. The farmers were prompting discussion, as the staff guided them through, on the importance of bull selection, improving the farmers existing herds through the use of high-quality and proven genetics.

Other shows took place in Machakos within Eastern Province May 9-11, 2002. The theme was “Conserving the Environment for Agricultural and Industrial Growth.” Livestock farmers/ranchers paraded their animals. This included Konza Ranch, Malili Ranch, Mr. Wilson Kyalo, etc. These are all WorldWide Sires customers, and of the animals paraded, an estimated 75 percent were WorldWide Sires offspring. Konza Ranch paraded beef animals, mainly Boran and Sahiwals, while Malili Ranch paraded their best Guernseys and Ayrshires.

The WorldWide Sires Technical Sales Representative covered topics on heat detection and correct time for insemination in relation to conception.

This event brings a large number of small-scale and large-scale farmers from all over the country. The livestock breeders paraded their livestock for judging on the first day of the Show. Holsteins, Jerseys, Ayrshires and Guernseys were among the dairy breeds. Beef breeds including Angus, Simmental, Borans, Charolais and Hereford were also paraded. Kenyan Borans rank very highly and one was recognized as the winning bull. Kenana dairy farm in Njoro also secured a number of trophies. This farm uses WorldWide Sires genetics.

Genetic companies also displayed their products. WorldWide Sires technical staff highlighted the importance of bulls and bulls selection, with emphasis on the advantages of AI use versus natural service. They also tackled many questions asked by farmers who flocked the stand. The estimated number of farmers who visited WorldWide Sires stand was above 1,500. They received bull flyers and posters, price lists and other training material.

Subsequently, WorldWide Sires has received telephone calls and office visits from farmers who require further information on bulls or want to make orders.

4. Workshops

On April 10, 2002, forty (40) AI technicians drawn from all over the Murang’a District attended a half-day seminar. These AI providers meet once in a month where they get services from genetic companies including CAIS (Central Artificial Insemination Station). WorldWide Sires has taken a lead in educating technicians. At this particular seminar, Mr. Jackson Muturi covered topics on feed composition and feed analysis; and detection and prevention of mastitis.

The use of bulls with lower somatic cell scores and the general hygiene of the milking parlor and dairy equipment were highlighted. The technicians need to be well-equipped with technical information, especially any current updates in the dairy industry, and bulls’ proof information. The latest information and leaflets were shared with participants.

The workshop brought together dairy industry stakeholders nationally. They included professionals from government institutions, universities, ministry officials, private sector,

farmers, pharmaceutical companies, genetic companies, feed companies and individuals. They deliberated on the ways and means of information knowledge generation and transfer to the end consumer, with an aim of integration by all stakeholders and strengthening the same to efficiently and effectively deliver proper information to the farmers.

Farmers Workshops

On June 20, 2002, a Farmers Workshop was held in Kiambu District involving key players in Dairy Industry of Kiambu District. This group of 85 persons was comprised of key government officials, researchers, NGOs, milk processors (Brookside Dairies, Palm House), Kenya Dairy Board, ILRI, Land O'Lakes, genetic companies, CAIS, pharmaceutical companies, feed millers, and farmers' representatives.

At this workshop, problems affecting the dairy sector were discussed, together with possible solutions. Some of the issues discussed were feeds and feeding, milk marketing, disease control, extension education to farmers, and policies governing milk and milk products, especially in relation to marketing. After the workshop, it was agreed that a follow-up workshop to lay out solutions to these issues be held.

5. Kenya Holstein-Friesian Cattle Society Annual General Meeting 29/11/02

The society members attended the annual general meeting to deliberate on their agendas. They gave a briefing on the challenges that faced the farmers in the past year, mainly disease outbreaks CBPP in Makueni, anthrax in Murang'a and rabies in Kabuku. The society's principle activity is to encourage, promote and improve the breeding of Friesian cattle in the country. Among the companies represented were:

- ❖ WorldWide Sires E.A. Ltd.
- ❖ Taurus
- ❖ CRI
- ❖ Brookside
- ❖ Cooper Kenya
- ❖ Agriner Development
- ❖ Farmers, Government Officials, and Dairy Co-operative Management Team

WorldWide Sires distributed the November bulls proofs and calendars to the members and other farmers.

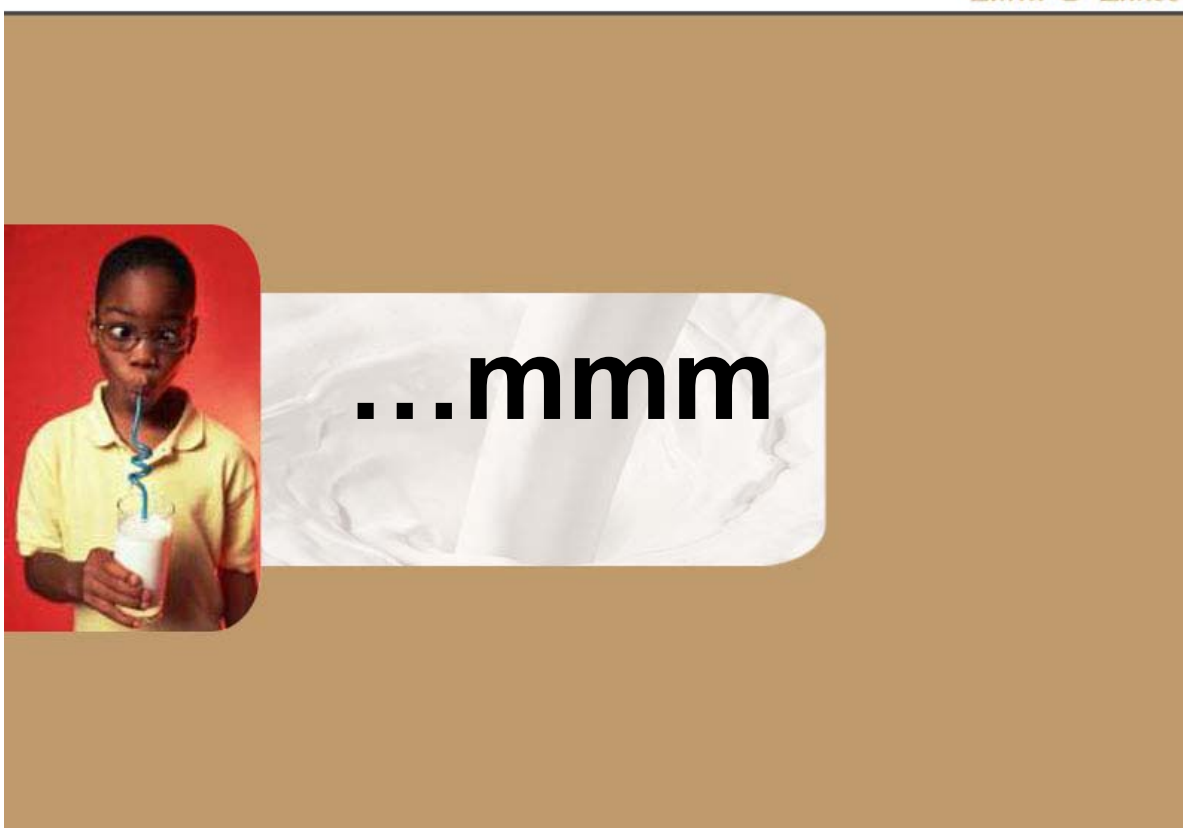
X. LESSONS LEARNED

An essential challenge in Kenya today is that, in spite of the economic difficulty, advertising expenditure in the beverage category is competitive. Total advertising spent by the beverage industry has been consistent at between 11 percent and 13 percent of total advertising expenditure for the last four years. In 2000 and 2001, the beverage category was the leading advertiser in the country. Figures on the level of expenditure spent on the types of beverages that advertise in Kenya, indicate that beer, followed by soft drinks, and wines and spirits, are the top three advertised.

A. Marketing

- There is an immense demand from the schools for an education program on the nutritional value of milk. This is evidenced by the number of children participating per session, which has grown from around 150 to almost 400.
- Consistent advertising pays. There is need to increase spend on advertising.

Land O'Lakes



B. Processing

- Dairy farming is gaining significance and milk production is rising. Dissemination of information regarding milk cooling and processing is still crucial and in demand.
- Linkages for milk cooling and processing are critical for the survival and growth of enterprises.

C. Production

- The demand for Field Days has increased, stretching WorldWide Sires resources to the limit. Indeed, farmers are increasingly organizing them on their own and inviting NGO participation. An approach where farmers contribute to facilitate these events is being piloted.
- Tokens donated to high performance farmers during field days (i.e., WWS genetics) encourage the farmers to increase their production.